

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BOARD OF PATENT APPEALS AND INTERFERENCES

In re application of:  
Timothy James Crossett, *et al.*

For: JOINT VENTURE ACCOUNTING  
METHOD AND SYSTEM

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Serial No.: 10/743,724

Examiner: Dana Amsdell

Art Unit: 3627  
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**APPEAL BRIEF PURSUANT TO 37 C.F.R. § 41.37**

SIR:

On August 16, 2010, Appellants submitted a Notice of Appeal from the last decision of the Examiner contained in the Office Action dated March 16, 2010 in the above-identified patent application.

In accordance with 37 C.F.R. § 41.37, this brief is submitted in support of the appeal of the rejection of claims 1 to 16. For at least the reasons set forth below, the rejection of claims 1 to 16.

**1. REAL PARTY IN INTEREST**

The real party in interest in the present appeal is SAP Aktiengesellschaft (SAP) of Walldorf, Germany, which is the assignee of the entire right, title, and interest in the present application.

**2. RELATED APPEALS AND INTERFERENCES**

On August 16, 2010, Appellants submitted a Notice of Appeal from the last decision of the Examiner contained in the Office Action dated March 16, 2010. The present Appeal is in response to that Final Office Action. There are no other prior or pending appeals, interferences, or judicial proceedings known by the undersigned, or believed by the undersigned to be known to Appellant or the assignee, SAP, “which may be related to, directly affect or be directly affected by or have a bearing on the Board’s decision in the pending appeal.”

**3. STATUS OF CLAIMS**

Claims 1 to 16 stand rejected under 35 U.S.C. § 102(b) as being anticipated by the SAP white paper found at (<http://www.sap.com/industries/oil-gas/pdf/50051566s.pdf>) (“white paper”).

Claim 17 has been canceled without prejudice.

Appellant appeals from the rejection of claims 1 to 16.

A copy of the appeal claims, *i.e.*, claims 1 to 16, is attached hereto in the Claims Appendix.

**4. STATUS OF AMENDMENTS**

In response to the Final Office Action dated March 16, 2010, Appellants submitted a Response on June 15, 2010 that included amendments. Those amendments were entered on July 6, 2010 and an Advisory Action was issued. Thus, the claims submitted with the After Final Response of June 15, 2010 are believed to be the current appeal claims, with no other amendments to the claims pending.

**5. SUMMARY OF THE CLAIMED SUBJECT MATTER**

The presently claimed subject matter of independent claim 1 relates to an automated method of adjusting pre-existing accounting records. The method includes maintaining an electronic database of accounting records associated with a first equity state on a computer system. *See e.g., Specification*, at page 6, lines 8 to 12. The method includes receiving input at the computer system selecting a time period for which adjustments to accounting records of a joint venture are to be applied, where the time period includes time between a present time and a time of an inception of the venture. *See e.g., Specification*, at page 8, lines 14 to 30. The method includes receiving input at the computer system selecting one or more types

of accounting records to which the adjustments are to be applied, where one type of the accounting records includes accounting records that call for a capital contribution. *Id.* The method includes receiving input at the computer system defining a second equity state. *Id.* The method includes searching the electronic database for all accounting records matching the one or more types that have a creation date that falls within the selected time period, subsequent to receiving input. *Id.* The method also includes, for each accounting record identified by the search, applying adjustments defined by the second equity state. *Id.* This applying includes creating new reversing data records to be added to the existing data records and to be associated with a respective existing data record, which when applied to the respective existing data record, negates the effect of the respective existing data record, and retaining the existing data records such that both the existing records and new reversing data records are stored concurrently. *See e.g., Specification*, at page 9, lines 27 to 31. The applying also includes creating new updated data records corresponding to records associated with the reversing data records, and based on a new equity share assignment defined by the second equity state, storing an indication of the second equity state with each new updated data record, associating each new updated data record with a corresponding reversing data record, and adding the new updated data records to the existing data records. *Id.*

The presently claimed subject matter of independent claim 8 relates to a machine-readable medium storing computer-executable instructions to implement a method. The method includes maintaining an electronic database of accounting records associated with a first equity state on a computer system. *See e.g., Specification*, at page 6, lines 8 to 12. The method includes receiving input at the computer system selecting a time period for which adjustments to accounting records of a joint venture are to be applied, where the time period includes time between a present time and a time of an inception of the venture. *See e.g., Specification*, at page 8, lines 14 to 30. The method includes receiving input at the computer system selecting one or more types of accounting records to which the adjustments are to be applied, where one type of the accounting records includes accounting records that call for a capital contribution. *Id.* The method includes receiving input at the computer system defining a second equity state. *Id.* The method includes searching the electronic database for all accounting records matching the one or more types that have a creation date that falls within the selected time period, subsequent to receiving input. *Id.* The method also includes, for each accounting record identified by the search, applying adjustments defined by the second equity state. *Id.* This applying includes creating new reversing data records to be added to the existing data records and to be associated with a respective existing data record,

which when applied to the respective existing data record, negates the effect of the respective existing data record, and retaining the existing data records such that both the existing records and new reversing data records are stored concurrently. *See e.g., Specification*, at page 9, lines 27 to 31. The applying also includes creating new updated data records corresponding to records associated with the reversing data records, and based on a new equity share assignment defined by the second equity state, storing an indication of the second equity state with each new updated data record, associating each new updated data record with a corresponding reversing data record, and adding the new updated data records to the existing data records. *Id.*

The presently claimed subject matter of independent claim 15 relates to an automated method running on a computer system. *See e.g., Specification*, at page 8, lines 21 and 22. The method including receiving input selecting a prior time period for which adjustments to existing accounting records of the prior time period of a joint venture are to be applied, where the prior time period includes a first equity share assignment. *See e.g., Specification*, at page 8, lines 24 and 26. The method also including receiving input selecting one or more types of accounting records to which the adjustments are to be applied. *See e.g., Specification*, at page 8, lines 27 and 28. The method also including searching a database for accounting records that have a creation date that falls within the selected time period. *See e.g., Specification*, at page 8, lines 21 and 22. The method also including, for each accounting record identified by the search, creating, based on the first equity share assignment, new reversing data records to be added to the existing accounting records which include reciprocal values to effectively cancel-out corresponding existing accounting records. *See e.g., Specification*, at page 9, lines 27 to 29. The method also including, for each accounting record identified by the search, creating new data records corresponding to the existing accounting records associated with the new reversing data records, wherein the new data records are based on a new equity share assignment. *Id.*

## **6. GROUND OF REJECTIONS TO BE REVIEWED ON APPEAL**

A. Whether claims 1 to 16 are anticipated by the SAP white paper found at <http://www.sap.com/industries/oil-gas/pdf/50051566s.pdf> (“white paper”).

7. **ARGUMENTS**

A. **Rejection of claims 1 to 16 under 35 U.S.C. § 102(b)**

Claims 1 to 16 were rejected under 35 U.S.C. § 102(b) as being anticipated by the SAP white paper found at <http://www.sap.com/industries/oil-gas/pdf/50051566s.pdf> (“white paper”).

The present application, which came from and is assigned to the same source as the white paper, is an improvement of the system described in the white paper. As such, the white paper does not disclose all of the features of the present claims, as the software package described in the white paper, does not provide all of the functions of the present claims. For example, claim 1 recites “selecting one or more types of accounting records to which the adjustments are to be applied, where one type of the accounting records includes accounting records that call for a capital contribution.” Page 9, section 5.1 “cash call” is cited from the white paper as an example of a record to which adjustments are to be applied. This section describes the cash call function of the Joint Venture Accounting (JVA). That is, an operating partner, using the JVA software “can invoice all partners or individual partners for future expenditure.” *Id.* Nothing in this section indicates that these cash calls may be selected for a record adjustment. Section 5.5 “Equity Adjustment” generally describes a change in equity distributions of expenditures, including retroactive adjustments. However, a capital contribution (e.g., cash call) is not an expenditure. As stated in this section “equity change management is designed to make retroactive changes at **the accounts receivable level** for prior period ownership adjustments.” White paper, at page 11, section 5.5 (emphasis added). As indicated, the equity adjustment of the white paper was limited to billing records, and does not apply to non-billable records and cash calls.

Further, the white paper does not disclose the feature of “creating new reversing data records to be added to the existing data records and to be associated with a respective existing data record, which when applied to the respective existing data record, negates the effect of the respective existing data record, and retaining the existing data records such that both the existing records and new reversing data records are stored concurrently.” As indicated, the white paper “process reverses postings to the original venture or equity group, and books them to the active venture or equity group combination at month end. These adjustments are made only in the JVA ledgers. The original entries in the originating SAP R/3 components remain unaffected, thereby preserving the audit trail.” *Id.* This is very different from constructing reversing records and storing them concurrently with the new records. As

indicated, the JVA ledgers are *actually reversed* (e.g., not matched with concurrently stored reversing records), leaving only the originating components available for auditing purposes. There is no indication that reversing records are provided, and stored concurrently with records of a new distribution as recited in the claims.

While these two features clearly distinguish over the single reference of the white paper, it may also be noted that these are not mere design choices. Since the white paper is limited to billable records, there are relatively few records that would be retroactively adjusted, and the reversals may be applied at the individual record level. However, since claim 1 allows for any record type to be included (e.g., non-billable records, cash calls, etc.), the transactional data is exponentially larger and may be confined to summary records. In this way, the summary records and transaction records may not match, and reversing records are required to ensure that real time analysis of the discrepancies is possible (e.g., not merely for an infrequent and functionally independent audit situation). These features were not included in the original white paper release, and require the novel enhancements included in the present claims.

For at least these reasons, the rejection of claim 1 should be overturned, along with the rejections of dependent claims 2 to 7. Claims 8 and 15 recite at least features similar to those discussed above with respect to claim 1, and the rejections of claims 8 and 15 should be overturned for at least the same reasons, along with the rejections of dependent claims 9 to 14, and 16.

**8. CLAIMS APPENDIX**

A “Claims Appendix” is attached hereto and appears on the page labeled “Claims Appendix.”

**9. EVIDENCE APPENDIX**

No evidence has been submitted pursuant to 37 C.F.R. §§ 1.130, 1.131 or 1.132. No other evidence has been entered by the Examiner or relied upon by Appellant in the appeal. An “Evidence Appendix” is nevertheless attached hereto.

**10. RELATED PROCEEDINGS APPENDIX**

As indicated above in Section 2, above, “[t]here are no other prior or pending appeals, interferences or judicial proceedings known by the undersigned, or believed by the undersigned to be known to Appellant or the assignee, SAP, ‘which may be related to,

directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.'" As such, there are no "decisions rendered by a court or the Board in any proceeding identified pursuant to [37 C.F.R. § 41.37(c)(1)(ii)]" to be submitted. A "Related Proceedings Appendix" is nevertheless attached hereto.

**11. CONCLUSION**

For at least the reasons indicated above, Appellants respectfully submits that the art of record does not disclose or suggest the subject matter as recited in the claims of the above-identified application. Accordingly, it is respectfully submitted that the subject matter recited in the claims of the present application is new, non-obvious and useful.

In view of all of the foregoing, reversal of all of the rejections set forth in the Final Office Action is therefore respectfully requested.

The Commissioner is authorized to charge Deposit Account 11-0600 for any fees deemed necessary for this filing.

Respectfully submitted,  
KENYON & KENYON LLP

Dated: October 13, 2010

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## **CLAIMS APPENDIX**

1. An automated method of adjusting pre-existing accounting records, comprising:
  - maintaining an electronic database of accounting records associated with a first equity state on a computer system;
  - (a) receiving input at the computer system selecting a time period for which adjustments to accounting records of a joint venture are to be applied, where the time period includes time between a present time and a time of an inception of the venture;
  - (b) receiving input at the computer system selecting one or more types of accounting records to which the adjustments are to be applied, where one type of the accounting records includes accounting records that call for a capital contribution;
  - receiving input at the computer system defining a second equity state;
  - subsequent to receiving input, searching the electronic database for all accounting records matching the one or more types that have a creation date that falls within the selected time period; and
  - for each accounting record identified by the search, applying adjustments defined by the second equity state, including:
    - (i) creating new reversing data records to be added to the existing data records and to be associated with a respective existing data record, which when applied to the respective existing data record, negates the effect of the respective existing data record, and retaining the existing data records such that both the existing records and new reversing data records are stored concurrently;
    - (ii) creating new updated data records corresponding to records associated with the reversing data records, and based on a new equity share assignment defined by the second equity state, storing an indication of the second equity state with each new updated data record, associating each new updated data record with a corresponding reversing data record, and adding the new updated data records to the existing data records.
2. The automated method of claim 1, wherein a sum for a set of existing data records is equal and reciprocal to a sum for a set of associated reversing data records; and a the sum for a set of existing data records of the first equity share assignment is equal to a sum for the new data records that are based on the new equity share assignment and of a different allocation.



3. The automated method of claim 2, further comprising, if there is an inter-company partner associated with the joint venture:
  - (iii) creating, in an inter-company ledger of the joint venture, accounting records corresponding to the accounting records created in (i), with amounts in proportions according to the previous equity share assignment; and
  - (iv) creating, in the inter-company ledger of the joint venture, accounting records corresponding to the accounting records created in (ii), with amounts in proportions according to the new equity share assignment.
4. The automated method of claim 1, further comprising, based on input received in (b):
  - (v) creating reversing cash call accounting records to reverse existing cash call accounting records made to partner accounts in a ledger of the joint venture according to a previous equity share assignment; and
  - (vi) creating cash call accounting records corresponding to the existing records reversed by (v) in the partner accounts of the joint venture ledger for the new equity share assignment, but recording amounts in the same proportions as in the previous equity share assignment.
5. The automated method of claim 4, further comprising:
  - (vii) performing a correction process to create accounting records indicating, in the partner accounts of the joint venture ledger for the new equity share assignment, a difference corresponding to cash calls between the previous equity share assignment the new equity share assignment.
6. The automated method of claim 4, further comprising:
  - (iix) performing a correction process to create accounting records indicating, in an inter-company ledger of the joint venture for the new equity share assignment, a difference corresponding to cash calls between the previous equity share assignment the new equity share assignment.
7. The automated method of claim 3, further comprising:
  - (ix) performing a correction process comprising creating reversing accounting records to reverse the accounting records created in the inter-company ledger in (iv).

8. A machine-readable medium storing computer-executable instructions to implement a process comprising:

(a) receiving input selecting a time period for which adjustments to accounting records of a joint venture are to be applied, where the time period includes time between a present time and a time of an inception of the venture

(b) receiving input selecting one or more types of accounting records to which the adjustments are to be applied, where one type of the accounting records includes accounting records that call for a capital contribution;

(c) searching a database for accounting records that have a creation date that falls within the selected time period; and

(d) for each accounting record identified by the search, applying adjustments to the accounting records of the joint venture, including:

(1) creating new reversing data records to be added to the existing data records and to be associated with a respective existing data record, which when applied to the respective existing data record, reverses the effect of the respective existing data record, and retaining the existing data records such that both the existing records and new reversing data records are stored concurrently;

(2) creating new updated data records corresponding to records associated with the reversing data records, and based on a new equity share, associating each new updated data record with a corresponding reversing data record, and adding the new updated data records to the existing data records.

9. The machine-readable medium of claim 8, the process further comprising, based on input received in (b):

(i) creating reversing accounting records to reverse existing accounting records in a ledger of the joint venture according to a previous equity share assignment;

(ii) creating in the joint venture ledger, for a new equity share assignment, accounting records with amounts corresponding to the existing accounting records reversed by (i);

(iii) creating, in partner accounts in the joint venture ledger, accounting records corresponding to the accounting records created in (i), with amounts in proportions according to the previous equity share assignment; and

(iv) creating, in the partner accounts in the joint venture ledger, accounting records corresponding to the accounting records created in (ii), with amounts in proportions according to the new equity share assignment.

10. The machine-readable medium of claim 9, the process further comprising, if there is an inter-company partner associated with the joint venture:

(v) creating, in an inter-company ledger of the joint venture, accounting records corresponding to the accounting records created in (i), with amounts in proportions according to the previous equity share assignment; and

(vi) creating, in the inter-company ledger of the joint venture, accounting records corresponding to the accounting records created in (ii), with amounts in proportions according to the new equity share assignment.

11. The machine-readable medium of claim 8, the process further comprising, based on input received in (b):

(vii) creating reversing cash call accounting records to reverse existing cash call accounting records made to partner accounts in a ledger of the joint venture according to a previous equity share assignment; and

(viii) creating cash call accounting records corresponding to the existing records reversed by (vii) in the partner accounts of the joint venture ledger for the new equity share assignment, but recording amounts in the same proportions as in the previous equity share assignment.

12. The machine-readable medium of claim 11, further comprising:

(ix) performing a correction process to create accounting records indicating, in the partner accounts of the joint venture ledger for the new equity share assignment, a difference corresponding to cash calls between the previous equity share assignment the new equity share assignment.

13. The machine-readable medium of claim 11, further comprising:

(x) performing a correction process to create accounting records indicating, in an inter-company ledger of the joint venture for the new equity share assignment, a difference

corresponding to cash calls between the previous equity share assignment the new equity share assignment.

14. The machine-readable medium of claim 10, further comprising:

(xi) performing a correction process comprising creating reversing accounting records to reverse the accounting records created in the inter-company ledger in (vi).

15. An automated method running on a computer system, comprising:

receiving input selecting a prior time period for which adjustments to existing accounting records of the prior time period of a joint venture are to be applied, where the prior time period includes a first equity share assignment;

receiving input selecting one or more types of accounting records to which the adjustments are to be applied;

searching a database for accounting records that have a creation date that falls within the selected time period;

for each accounting record identified by the search, creating, based on the first equity share assignment, new reversing data records to be added to the existing accounting records which include reciprocal values to effectively cancel-out corresponding existing accounting records; and

for each accounting record identified by the search, creating new data records corresponding to the existing accounting records associated with the new reversing data records, wherein the new data records are based on a new equity share assignment.

16. The method of claim 15, wherein one type of accounting record includes a demand for a new capital contribution, according to a share allocation.

### **EVIDENCE APPENDIX**

No evidence has been submitted pursuant to 37 C.F.R. §§1.130, 1.131, or 1.132. No other evidence has been entered by the Examiner or relied upon by Appellant in the appeal.

### **RELATED PROCEEDINGS APPENDIX**

As indicated above in Section 2 of this Appeal Brief, “[t]here are no other prior or pending appeals, interferences or judicial proceedings known by the undersigned, or believed by the undersigned to be known to Appellant or the assignee, SAP, ‘which may be related to, directly affect or be directly affected by or have a bearing on the Board’s decision in the pending appeal.’” As such, there no “decisions rendered by a court or the Board in any proceeding identified pursuant to [37 C.F.R. § 41.37(c)(1)(ii)]” to be submitted.